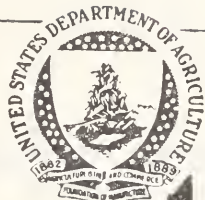


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THE Agricultural Situation

FEBRUARY 1953

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A Letter

TO CROP AND LIVESTOCK REPORTERS

I FEEL AWFUL. The flu bug bit me and bad. I went through the 1918 flu epidemic as an Army hospital helper, without a sneeze. All these years I've just considered myself tough. Well, I guess we all have to get disillusioned after a while.

First, O. V. Wells, Chief of the Bureau of Agricultural Economics, called up and told me to be careful; then my old friend, Sam Broadbent at the Budget Bureau, told me not to take any chances. "You know," he said, "you aren't as young as you used to be." Gosh, what a shock. I used to think 54 was ancient, but now I think life begins at 50.

I know there's a lot of sickness all over the country at this time of year. My own bout with the flu makes me appreciate all the more what a wonderful job you people are doing in filling out your crop and livestock reports on time, even if it has to be from a sick bed. And we can all appreciate how hard the people in some of the State statisticians' offices have to work when they don't have too many helpers to start with, and some of those are out sick.

Nowadays, when a fellow catches something they shoot him full of fancy drugs and—bingo!—the bug is dead, but the drug isn't. It takes about 2 days to kill the disease, but then you have to stay in bed 3 days to get over the drugs. At least, it gives me time while recovering from the drugs to give you a few impressions about the inauguration.

Last month, I told you a little about the preparations. Now, after hearing the ceremonies from my bedside radio, I am impressed all over again. While

there is great pageantry and much gaiety, there is an underlying spirit of solemnity and reverence. Can you imagine the induction of a dictator being preceded by a beautiful invocation to God for guidance, or a dictator opening an address with a prayer? I can't. Our leaders are humble before God and recognize that their strength lies in Him.

So many wonderful things about this orderly transfer of power from one political party to another are particularly American, and give you a feeling of humility. I heard about one tiny incident that points it up. A District of Columbia policeman stared intently at a young woman in the front row of the crowd on the Capitol Grounds a few minutes before the new President's car came by. She was holding something in her hands. The policeman moved closer—then told her how to load her camera so she wouldn't miss getting the picture.

I was very much interested in a letter from one of our foreign students who was reporting on his year of training spent with our Crop and Livestock Reporting Service. He started off by saying he was most impressed with the fact that the objective of government people here was *to be of service*, and he wound up by saying that this attitude had changed his ideas considerably as to the way he wished to operate when he returned to his own country.

I'm sure it must make you proud, as it does me, that all of us can serve a government which is dedicated to serving all the people of the United States.

S. R. Newell, Chairman
Crop Reporting Board, BAE

Farm Value of Foods Lower ... Cost At Retail Changes Little

MORE of the consumer's food dollar in recent months has been going for increased marketing charges. The farm value of the market-basket foods averaged 7 percent lower in the fourth quarter of 1952 than in the corresponding period of 1951. The retail cost of these foods averaged the same in both periods so that all of the decline in farm value was reflected in an increase of 7 percent in the charges for marketing these products.

Marketing charges equal the difference between the farm value and retail cost and, therefore, include all costs (including profits and taxes) of transporting, processing, and distributing farm-food products.

Marketing charges averaged higher for all groups of farm products at the end of 1952 than a year earlier. Increases in wages, transportation rates, cost of materials and supplies, rents, and other marketing costs have resulted in a steady rise in marketing charges since early 1950. These costs change rather slowly and do not necessarily move in the same direction as farm prices. These higher marketing costs together with the lower prices to farmers are responsible for the recent decline in the farmer's share of the consumer's food dollar.

The farmer's share declined to an average of 46 cents in the fourth quarter of 1952. A year earlier, farmers received about 50 cents of each dollar that consumers spent for farm-produced foods. For 1952 as a whole, the farmer's share averaged 48 cents compared with 50 cents in 1951. And during World War II, the farmer's share reached a high of 55 cents.

Not since 1941 has the farmer's share of the food dollar been below 46 cents. During the farm price decline in 1949, the farmer's share dropped from 50 cents at the beginning of the year to 46 cents by the end of the year. Higher farm prices following the outbreak in Korea in June 1950 brought the farmer's share to 51 cents in early 1951.

These figures are based on estimates of the retail cost of a typical "market basket" of farm-food products bought in 1 year by an average family of three consumers and the farm value of an equivalent quantity of farm products.

Meat, Most Important Item

Meat products, on the average, account for almost one-third of the total retail cost of the market-basket foods. The farm value of the meat products in some years represents more than 40 percent of the total farm value of the market-basket foods. The farmer's share of the consumer's dollar spent for meat products in 1952 declined more than for any other commodity group.

Sharp declines in the prices of meat animals during 1952 accounted for most of the decline in the farm value of the market-basket foods. Retail prices of meat also averaged lower at the end of 1952 than a year earlier. For some meat products, these declines apparently were less than the decline in farm values so that marketing margins increased somewhat. It should be noted, however, that even with a constant margin, lower prices at both farm and retail result in a lower farmer's share. Another factor causing lower farm prices in relation to retail meat prices has been the large declines from early in 1951 in value of byproducts such as hides, pelts, tallow, and lard.

Farm-to-retail price spreads are computed regularly for three individual classes of meat animals—Choice grade beef, pork, and lamb. The retail price of Choice grade beef averaged 84 cents a pound in the fourth quarter of 1952. The farm value of an equivalent quantity of Choice grade beef was equal to 57 cents. The farm-retail margin of 27 cents in the fourth quarter of 1952 was slightly higher than in the fourth quarter of 1951. The farm-

er's share of the retail price was 68 percent compared with 73 percent a year earlier.

Retail prices are weighted averages of retail prices for carcass cuts, Choice grade beef, reported by the Bureau of Labor Statistics. As 1 pound of Choice grade beef at retail is equivalent to about 2.16 pounds live animal, the equivalent farm value is calculated by multiplying farm prices by 2.16. The value of byproducts, including edible offal, is deducted from the gross farm value. In early 1951 the value of the nonmeat byproducts amounted to almost 10 percent of the wholesale carcass value of Choice grade beef, but only about 5 percent in the second half of 1952.

Marketings of lower grade cattle increased considerably in the fall of 1952 and price declines have been greater for these grades than for Choice grade. Margins between farm and retail prices are calculated only for Choice grade beef because no retail-price data are available for carcass cuts below Choice grade. Some indication of the retail-price trend of beef below Choice grade may be obtained from the average retail price of hamburger reported by BLS. Hamburger prices averaged 59

cents a pound in the fourth quarter of 1952 compared with 67 cents in the same period of 1951. This decline of 12 percent is greater than that for Choice grade carcass cuts. Price declines for slaughter steers at Chicago ranged from 16 percent for Good grade to 31 percent for Utility grade during the same period of comparison. Some lower grade beef is utilized in frankfurters. Average prices of frankfurters as reported by BLS dropped only 5 percent between the fourth quarters of 1951 and 1952.

Farm-retail price spreads for pork have not changed much in the last year. The farmer's share of the retail price in the fourth quarter of 1952 was below corresponding quarters in 1950 and 1951 because of the decline in the farm price. Lower prices for lard probably are a major factor in the lower farm value of hogs at the end of 1952. Lard prices declined almost a third between the fourth quarters of 1951 and 1952, so that the decline in retail prices of pork, excluding lard, was less than for all pork products.

Farm-retail margins for lamb appear to have increased substantially in the last year, although lamb is relatively

(Continued on page 16)

Farm-retail price spreads for Choice grade beef, pork, and lamb, October-December averages, 1950-52

Item	Unit	1950	1951	1952
		October-December	October-December	October-December
<i>Beef, Choice Grade:</i>				
Retail price.....	Cents.....	77. 2	88. 8	84. 4
Gross farm value.....	do.....	61. 2	71. 8	62. 3
Byproduct allowance.....	do.....	7. 1	7. 1	4. 8
Net farm value.....	do.....	54. 1	64. 7	57. 5
Margin.....	do.....	23. 1	24. 1	26. 9
Farmer's share.....	Percent.....	70	73	68
<i>Pork, Including Lard:</i>				
Retail price.....	Cents.....	41. 9	44. 0	40. 7
Net farm value.....	do.....	25. 4	25. 9	23. 8
Margin.....	do.....	16. 5	18. 1	16. 9
Farmer's share.....	Percent.....	61	59	58
<i>Pork, Excluding Lard:</i>				
Retail price.....	Cents.....	47. 3	49. 4	47. 2
Lard.....	do.....	21. 5	23. 8	16. 5
<i>Lamb:</i>				
Retail price.....	do.....	71. 4	80. 3	70. 4
Gross farm value.....	do.....	57. 9	62. 9	45. 1
Byproduct allowance.....	do.....	11. 9	10. 2	7. 2
Net farm value.....	do.....	46. 0	52. 7	37. 9
Margin.....	do.....	25. 4	27. 6	32. 5
Farmer's share.....	Percent.....	64	66	54

All prices in cents per pound, retail units. Farm values equivalent to 1 pound at retail calculated for 2.16 pounds Choice grade cattle, 1.41 pounds hogs, and 2.16 pounds lamb.

Looking at Sizes of Farms In the Different Regions

IN TERMS of acreage, farms have become larger in most regions of the country, but the average size varies considerably. Suitable to the extensive type of farming which predominates in the West, farms of 500 or even 1,000 or more acres in size are fairly common in the Plains States and areas farther west. Much smaller farms remain the predominant size in the East.

In the Northeast the average farm had 112 acres in 1950 compared to 99 acres in 1920. The average size farm in the Southeast increased from 78 to 124 acres, while in the Appalachian States the average of 84 acres is the same size as 30 years ago. The Mississippi Delta, which had the smallest farms in 1920 with an average of 71 acres, now averages 91 acres per farm.

Farms in the Corn Belt and Lake

States are somewhat larger than in areas to the south and east. The average size increased from 123 to 142 acres in the Corn Belt and from 127 to 146 acres in the Lake States.

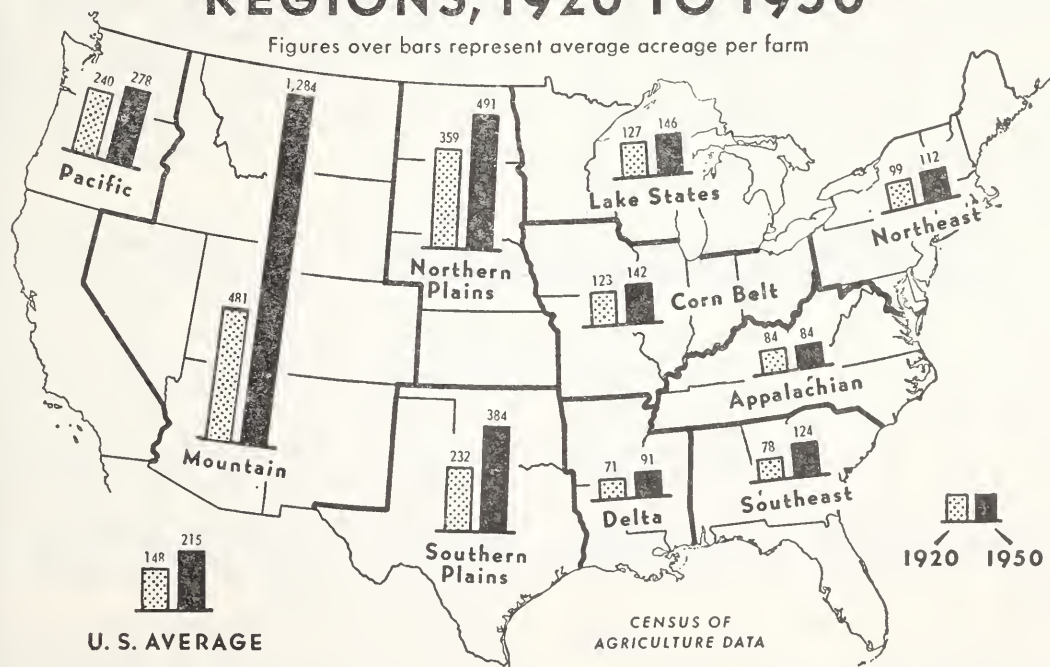
The average farm is now 491 acres in the Northern Plains and 384 acres in the Southern Plains—these regions averaged 359 and 231 acres, respectively, in 1920.

In the Mountain region, where precipitation is limited and farms have always been large, the average size has nearly tripled—increased from 481 acres per farm in 1920 to 1,284 acres today. And in the Pacific region the average farm was 278 acres in 1950 compared to 240 acres 30 years ago.

The expansion in size of farms has been associated with the rapid mechanization of agriculture which has made

CHANGES IN FARM SIZE, BY REGIONS, 1920 TO 1950

Figures over bars represent average acreage per farm



it possible for a farm operator and his family to handle a larger acreage.¹ The degree of advantage offered by mechanization varies considerably among the different regions. At the same time, the land requirements of farming in different parts of the country vary also. The semi-arid regions of the Plains States and Far West permit only the most extensive uses of land. For example, it takes some 25 to 30 or more acres of rangeland in most of the Mountain States to support one animal unit of livestock during the grazing season. Only two to four acres or less are required on improved pasture in many of the Eastern States. And in the dry-land grain areas of the Plains States much of the land must be left in idle fallow each year to conserve moisture for the next year's crop. Here, farms of 500 and even 1,000 or more acres in size are considered to be only moderate sized family farms for the types of agriculture carried on.

Mostly Small Farms in the Northeast—Decrease in Number

Half of the farms in the Northeast contain fewer than 100 acres. The number of farms has declined by a third since 1920, and a fifth of the land that was farmed 30 years ago is no longer used for agricultural purposes.

Most of the decrease in farm numbers in the region was among the small farms—those of less than 100 acres. And equally important, fully half of those remaining are more dependent upon off-farm jobs or other sources of nonfarm income than upon farm sales. The pull of industry in numerous cities throughout the region has been responsible largely for the fairly rapid reduction in farm numbers as well as the trend toward part-time farming. There has been a slight increase in the Northeast in the number of farms with 500 or more acres of land. However, these larger units are relatively unimportant. In this region they make up less than 2 percent of farm numbers and account for only 12 percent of the land.

In the Appalachian States, the aver-

age farm is the same size as in 1920—84 acres—and with the exception of an increase in the farms of under 10 acres, the distribution of farms by size groups is about the same as in 1920. In terms of number of farms, this region contains nearly a fifth of all United States farms; but in land area, only 7 percent of the farm land in the country. Both the number of farms and the total acres of land in farms are slightly less today than in 1920.

More important in this region has been the growth of industry, widely dispersed throughout the rural areas, and the increased dependence upon nonfarm sources of income. Nearly half of all the farms in the Appalachian region were classified as part-time or residential in 1950.

Fewer Cropper Farms in the South

In the Southeastern and Delta regions the counting of cropper units as farms, by the Census, must be taken into account when making comparisons of farm size with other regions of the country. A farmer with 120 acres thinks of his farm as a single farm. But if he works it with three share croppers, then it may be counted as three 40-acre farms. In these two southern regions, there has been a substantial reduction in the number of cropper-operated farms, a trend of particular importance during the past decade. This is responsible largely for the over-all reduction of one-fourth in the number of farms since 1920 and the increase in the average size of farms.

Small farms of between 10 and 100 acres predominate in these southern regions, although such farms have decreased in importance from three-fourths of all farms in 1920 to two-thirds of the number today. These small farms now account for a little more than a fifth of the farm land in the two regions compared to nearly two-fifths in 1920. Nearly half of the farms between 10 and 100 acres and over two-thirds of those under 10 acres in size were classified as part-time or residential in 1950.

There have been rapid increases in the number of farms of 500 or more acres. In numbers, these farms still

(Continued on page 10)

¹ Trends in farm sizes for the country as a whole were discussed in the November 1952 issue of *The Agricultural Situation*.

Which Pays Better— To Irrigate or to Buy More Land?

THERE are many small farms in central Nebraska, where a third of the farms have 179 acres or less land and one-fifth are quarter-section farms. Under modern technology many of these farms are too small to provide full employment for an average farm family and the income is often inadequate for family living expenses. The inadequacy of these farms is less evident under present price relationships than it would be under less favorable circumstances. Nevertheless, many of the operators are seeking opportunities for expansion.

The area studied included selected parts of the following counties: Polk, Hamilton, York, Adams, Clay, Fillmore, Thayer, Kearney, Harlan, Franklin, Webster, Custer, Sherman, Howard, and Greeley.

Ordinarily a larger volume of business and higher net income may be had either by increasing livestock numbers

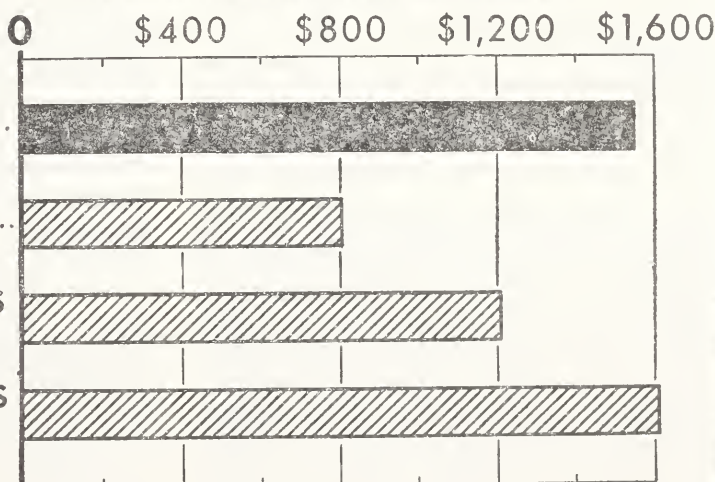
or by buying more land, but since the development of pump irrigation began in this area, a new alternative has been added. When sufficient livestock is already available, the operator of a small farm may expand his farming operations either by getting more land or by irrigating some of the land he now has. These possibilities assume that nearby land is for sale at a satisfactory price, that land on the home farm is suitable for irrigation, and that irrigation water may be had by drilling a well.

The comparative advantage of these two methods of expansion is best indicated by the *net* amount each will add to the farm income. In estimating the net income, the increase in gross returns and also the increases in cost must be considered. To illustrate this, estimates were prepared showing additional income and additional costs for

ADDED RETURNS FROM IRRIGATION OR PURCHASE OF MORE DRY LAND

160-Acre Dry-Land Farms in Central Nebraska

ADDITIONAL NET RETURN*



*1945-50 PRICE LEVEL

a 160-acre farm, having 106 acres of irrigable land and 54 acres in native pasture. The net effect of irrigating 79 acres each year is compared with the increased income that can be expected if additional land is bought in varying quantities—80, 120, and 160 acres. Only 79 acres would be irrigated each year—as 27 acres would be planted to oats, and most farmers in this area do not irrigate oats grown on irrigable land.

Under irrigation the corn on 54 acres was assumed to yield 30 more bushels an acre than dry-land corn and the 25 acres of alfalfa 1.75 more tons an acre. The increased production of corn and alfalfa sold as cash crops would add \$2,922 to the gross income of this farm under the average prices from 1945 to 1950. The additional costs of production, including charges for irrigation water, land leveling, fertilizer, additional seed, and 41 additional days of labor amount to \$1,373, leaving an added net return of \$1,549. This is the amount that irrigation would add to the net income of the farm. See table. As irrigation would require additional labor, the family labor force could be more fully employed and could receive an additional \$240 for doing this work.

The table below shows the estimated additional income from irrigation of 79 acres on a 160-acre farm, compared with returns from additional dry land:

	Irrigation of 79 acres	Additional acres of dry land		
		80	120	160
Value of increased crop production.....	\$2, 922	\$2, 003	\$3, 004	\$4, 006
Additional costs of production.....	1, 373	1, 198	1, 797	2, 396
Returns above additional costs.....	1, 549	805	1, 208	1, 610

For comparison, the additional income has been estimated for various acreages of dry land that might be bought in preference to irrigating the home farm. At average dry-land yields and prices for 1945–50, the gross value of crops that could be produced on the additional dry land would be \$2,003 from 80 acres; \$3,004 from 120 acres; and \$4,006 from 160 acres. Costs of operating the additional land include seed for corn, oats, and alfalfa; labor and tractor power in preparing the

ground, planting and harvesting; and interest at 5 percent on the investment in the additional land, which was valued at \$150 an acre.

After these costs are met, the 80 acres of additional land would increase the net income of the original 160-acre farm by \$805. It would be necessary to add 160 acres of dry land to equal the additional income that could be obtained by irrigating the cropland on the quarter section. As 94 days of additional work would be required for the cropland on the 160 acres of dry land, this adjustment would contribute more to the full employment of the family than would irrigation of the original farm. If this much extra work could be performed by the family, without extra hired help, an additional income of \$540 would accrue.

Irrigation as an alternative would require a considerably smaller investment than would the purchase of additional land. The cost of a well, casing, pump, power unit, and minor irrigation equipment, probably would range from 5 to 8 thousand dollars while, at \$150 per acre, 160 acres of dry land would cost \$24,000.

Two very important assumptions in the foregoing estimates are the average yields of crops and the value of land. With full adoption of improved crop practices the margin of irrigated-crop yields above dry-crop yields would be greater than is here indicated. This margin might also vary considerably from farm to farm. The conclusions in the table that seem apparent would be modified considerably if the value of land were assumed to be much higher or much lower than the \$150 an acre used in this calculation.

This analysis gives no consideration to the stabilizing effect of irrigation upon crop production during the years. Nor does it recognize the resulting improved setting for livestock production, which could further increase farm income. These points are important. They should be taken into account in choosing between irrigation and the purchase of additional land in an area like central Nebraska where drought is a farming hazard.

T. S. Thorfinnson
Bureau of Agricultural Economics
Alvah Hecht
Agricultural Extension Service

Weak Spots in Poultry Marketing Sought Through Research

ARE NORTHWESTERN producers of chickens satisfied with the system of marketing chickens now in force? Does a high level of competition exist in marketing chickens from producers to first handlers in the three States of Washington, Oregon, and Utah?

The Western Poultry Marketing Research Technical Committee believed that neither of these questions could be answered in the affirmative. Under its direction and with the cooperation of the Bureau of Agricultural Economics and the Production and Marketing Administration, Roise H. Anderson of the Utah Agricultural Experiment Station, made a study of the methods and practices of marketing chickens from producers to first handlers in the three States.

Results of the study are available in Bulletin 354 of the Utah Station, "Marketing of Chickens from Producer to First Handler, Washington, Oregon, and Utah, 1948-49." This is one of the studies done under the Agricultural Marketing Act of 1946 (RMA, Title II).

Personal interviews were obtained with 379 commercial chicken producers—those with 100 or more laying hens—in the fall of 1949. Information was obtained as to the number and kind of chickens produced, the disposition farmers made of the chickens, the prices they received for them, and the grading and weighing practices used.

Most of the producers were egg producers, that is, they raised no chickens exclusively for meat. Chickens were sold in the course of replacing laying flocks. Broiler producers were those who produced and sold at least one flock of chickens during the year for meat. Mixed egg and broiler producers kept flocks of laying hens and each produced at least one flock of chickens for meat.

Practices of growers differed in the three States. Chicken enterprises were largest in Utah and smallest in Washington. In Utah about 72 percent of the flocks were made up of pullets; in the other two States almost 80 percent were pullets. Death losses of laying hens were highest in Utah at about 18 percent of the number housed.

For each 100 hens put in the laying house, a little more than half were sold for meat during the year. Death losses, sales for laying purposes, consumption on the farm, and carry-over of chickens to the following year accounted for the remainder.

Cull layers sold for meat accounted for almost half of the chicken meat produced in the three States. Around three-fourths of the hens sold for meat were Leghorns.

Sales of culls and old hens were highly seasonal, the peak coming in August and September when producers culled their flocks heavily or shipped all their old hens to market to make room for the pullets. About $2\frac{1}{2}$ times the monthly average number were sold in these two months.

More than twice the monthly average number of broilers were sold in April, May, and June. From September to March, sales were relatively small.

Sales of fryers varied less than sales of broilers. The lowest month for fryers was May, when about 75 percent of the monthly average number were sold, and the highest months were August and September when the number sold rose to 125 percent of the monthly average.

Trading Not Uniform

Some chickens were sold flock run, some graded on the farm, and others were graded at the processing plant. More chickens were graded at the farm in Utah than in the other two States. So far as could be learned, all live grading is done by the buyer but *standards for grading are not uniform*. The percentage of chickens falling in the different grades varied among the three States. In Washington, 51 percent of the light hens graded were second grade. In Oregon and Utah only about 24 and 21 percent, respectively, were

graded below first grade. This reflects the stricter standards in Washington rather than a lower quality of production.

Weighing practices also varied among the three States. In Washington, 60 percent of the birds sold were weighed at the farm and 40 percent at the market. In Utah most of the chickens sold were weighed at the farm but in Oregon the greater number were weighed at market.

First buyers of chickens in each of the three States included hucksters, independent and cooperative processors, retail stores and restaurants, and consumers. In Washington, a few were sold through brokers. Cooperative processors bought on the basis of grade to a greater extent than other buyers. Hucksters and ultimate consumers usually weighed the chickens at the farm. Other buyers varied somewhat as to where they weighed the birds they bought.

Prices received by producers varied in the three States. Light hens, for instance, brought an average price of 22.2 cents a pound in Washington, 23.0 in Oregon, and 20.3 in Utah. Seasonal variation in number of chickens marketed affects the short-time variation in prices paid by buyers for any one class of chicken.

Very little competition was indicated among buyers, thus bearing out the hypothesis of the committee. Of the lots of chicken sold in the three States, 85 percent were sold without obtaining competitive bids. Large numbers were marketed through a particular type of buyer. The practice of selling chickens on the basis of the buyer's live grades tends to shift competition to factors other than price. Grading by an unbiased party after the birds are dressed so that quality characteristics can be more easily appraised would seem preferable.

How can the situation be improved? This is not an easy question. Further study of the alternative methods of selling will be needed before recommendations for improvement can be made.

Esther M. Colvin
Bureau of Agricultural Economics

Looking at Sizes of Farms...

(Continued from page 6)

make up less than 3 percent of the farms, but they now account for over one-third of the acres of farm land in these two southern regions, compared to only about 15 percent in 1920.

Midwest: Quarter-Section Farms

Changes in the number of farms and total land in farms were less pronounced in the Corn Belt and Lake States. The total acreage of farm land in the two regions is about the same now as 30 years ago while the number of farms has decreased by nearly 15 percent.

The greatest reduction in farm numbers in these two regions was among the small-family farms—those of less than 100 acres. These farms decreased by nearly a third. The moderate sized family units ranging from 100 to 260 acres—the group which includes the original 160-acre homestead unit—have also decreased in number slightly. However, this group of farms, long the predominant type in midwestern agriculture, still accounts for nearly half of the farms and over half of the farm land.

Farms of 500 or more acres in size—though still relatively few in number—have nearly doubled in the past 3 decades. They comprise less than 2 percent of the farms but now account for 10 percent of the farm land in the area, compared to 5 percent in 1920.

The Plains States have shown a much more vigorous growth in farm size. The average in the Northern Plains now is 491 acres compared with 359 acres 30 years ago. Farms of 500 or more acres account for nearly a fifth of the farm numbers and almost two-thirds of the land in farms. During the last three decades, these larger farm units have increased in number substantially. This has been largely a result of the almost complete mechanization of the production of wheat, allowing existing family labor to handle larger acreages.

The plains area as a whole has about a fifth fewer farms now than in 1920 but the acreage in farms has increased by nearly a fifth. The reduction in farm numbers has been somewhat more rapid in the Southern than in the

Outlook Highlights

. . . . February 1953

FARMERS' prices are expected to be fairly stable, on the average, during the next few months. They probably will remain at least steady until new-crop prospects begin to dominate the picture, and may well increase slightly.

Northern Plains, principally because of the decrease in the number of small cotton farms in east Texas. Farms of less than 100 acres in size are relatively unimportant in the Northern Plains, while these smaller units still comprise nearly a third of the farms in the Southern Plains.

In the Mountain region, farms now average 1,284 acres. In 1920, the average size was 481 acres. Here, the acreage of land in farms has more than doubled due largely to the purchase and lease of government lands by ranchers. While total farm numbers have decreased by a fifth, the farms with 1,000 or more acres have increased substantially in both number and size. They now account for 18 percent of the farms and 87 percent of the farm land compared to 7 percent of the farms and 52 percent of the land in farms 30 years ago.

In the Pacific States where the average farm contains 278 acres as compared with 240 acres 30 years ago, farm numbers have increased slightly and the acreage in farms is about a third more than in 1920. Small farms of less than 100 acres are quite numerous, comprising nearly three-fourths of all farms in the region. These small farms, many of them part-time and residential, have increased by a third and account for most of the increase in farm numbers since 1920.

The farms of 1,000 acres or more in size have also increased in number in the Pacific region. Although they comprise only 5 percent of the total number of farms, these farms now account for 70 percent of the farm land in the region compared with about half in 1920.

Jackson V. McElveen
Bureau of Agricultural Economics

The seasonal peak in farm marketings has passed and with the operation of price support programs the downward pressure of supplies on the price structure may ease somewhat.

Consumer demand here at home is expected to be maintained at a high level. Foreign takings of our farm products—which were reduced almost 30 percent in the past 4 months of the present marketing season, as compared with a year earlier—are also expected to improve somewhat.

Consumer incomes continued to rise over the past year and retail spending for food continued to rise just about in proportion to the increase in income.

Farmers' Net Income Unchanged

Gross farm income, in 1952 estimated at \$37.3 billion, was 1 percent higher than in 1951; but production expenses rose more than 2 percent to \$23 billion and farmers' net income was practically unchanged.

Higher Hog Prices

Outlook is for more beef and less pork this year. Total meat supply for the year may be no larger than in 1952. Hog prices are expected to average higher than in 1952.

Prices for Fruits

Grower prices for most fruits this winter and spring are expected to continue above the prices received in the first half of '52. Supplies remaining to be marketed February 1 were generally smaller than a year earlier and the demand continued strong.

Egg Prices This Spring

Egg prices this spring are expected to be above the corresponding prices of 1952. Laying flocks will be smaller than a year earlier and no significant increases in rate of lay are likely.

Prices of Feed Grains

For the country as a whole, feed grain prices in mid-January averaged

(Continued on page 14)

Farmers Use More Electricity

Eighty-eight Percent Now Using It—Average Used Per Farm More Than Doubled Since 1941

MORE than 4.7 million farms in the United States had central-station electric service on June 30, 1952. This is 88 percent of all farms of the Nation.

In order that farmers could have the benefit of this service, an enormous expansion of generation, transmission, and distribution facilities was necessary in rural areas in recent years. Most of the farms that now have the service—all but about 15 percent of the users, to be exact—were connected to power lines since 1935. Almost two-thirds have been connected since 1940. Service for more than half of all electrified farms is provided by systems financed by the Rural Electrification Administration.

Backbone distribution lines now extend into most farming areas of the country. The density of farm coverage, however, is not equal in all regions. By mid-'52, more than 90 percent of the farms in the Northeast, Lake States, Corn Belt, and Pacific regions had service. The Mississippi Delta region had 75 percent of its farms electrified. In the other regions, farms using electricity ranged from 83 to 88 percent.

Because the average consumption per farm has been increasing, the total amount of electricity used on farms has increased more rapidly than the number of farms using it (see chart). Data

published by the Edison Electric Institute indicate that between 1941 and 1951 the average consumption per farm increased from 1,663 kilowatt-hours to 3,520. The average rate of increase was 7 percent per year. Western farms (those approximately west of the 100th Meridian) increased their average consumption at the rate of 253 kilowatt-hours per farm annually; eastern farms at the rate of 139 kilowatt-hours.

The addition of thousands of new farm consumers each year undoubtedly has restricted the rate at which average consumption has been increasing. Newly electrified farms generally use less electricity than similar farms that have had the service for some time.

Total Used 10 Times Amount Used in 1935

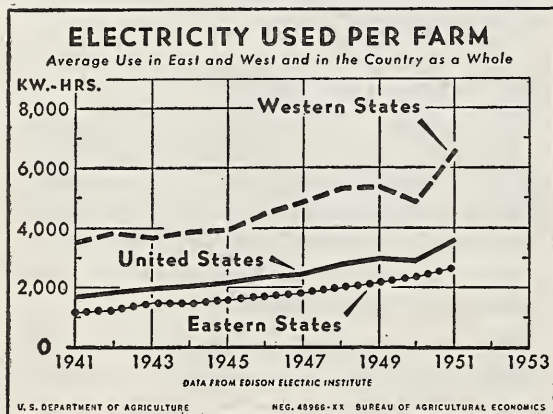
Because there were more electrified farms in 1951 than in 1941, and because the average consumption per farm more than doubled, the total amount of electricity used on farms was more than 4 times as great in 1951 as in 1941. Total consumption in 1951 was almost 10 times that of 1935. The actual amounts used were 1.7 billion kilowatt-hours in 1935, 3.6 billion in 1941, and almost 16 billion in 1951.

The total amount used between 1941 and 1951 increased at the rate of 15.5 percent per year. The increase was somewhat more rapid in the Eastern States than in the Western (see chart).



Lower Cost Per Kilowatt Hour As Farmers Use More Current

FARMERS PAID about \$400 million for the electricity they used in 1951 according to data from Edison Electric Institute. This is an average of \$88 per farm or 2.5 cents per kilowatt-hour used.



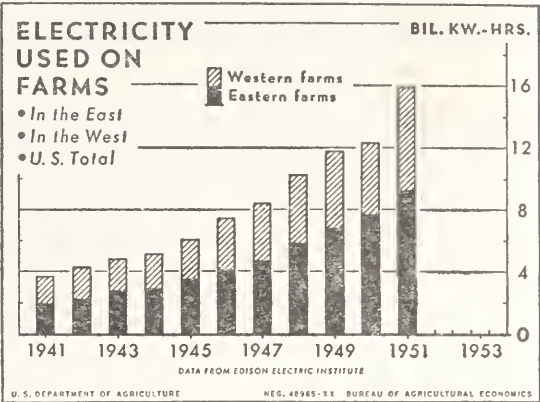
While average consumption per farm has increased during the past 10 years at the rate of 7 percent per year, the amount paid per farm for that electricity has increased somewhat less than 5 percent. In certain localities there has been some reduction of charges to account for the difference in the two rates of increase. The principal reason, however, is that practically all rate schedules in effect in rural areas provide for lower cost per kilowatt-hour as consumption increases above established minimums.



There is no way to measure all the effects of electrification on farm life and on farm production practices. It is obvious, however, that central-station electric power and equipment utilizing it have done much to make farm life more comfortable and to increase the productivity of farm labor.

Studies made by the Bureau of Agricultural Economics in cooperation with several Agricultural Experiment Stations indicate that substantially more electricity is used in farm households than in farming operations. For example, in the Upper Piedmont of Georgia and in the East Tennessee Valley of Tennessee about 90 percent of the electricity was used for household operations. In the Clay Hills area of Mississippi the proportion was even larger. These are areas of generally small farms with few livestock. For these farmers, electricity has meant good lighting, mechanical refrigeration, running water and other devices formerly available only to people living in the cities.

Farms in the wheat-producing areas of southwestern Kansas, north central North Dakota and eastern Washington also used about 90 percent of the electricity in household operations. However, the electricity used outside the homes has made real contributions to the operation of those farms. Lights in service buildings and service areas, farm shop equipment, water pumps and other equipment have added to the productivity and efficiency of the farms they serve.



In some other areas, considerably more use has been made of electricity in farming operations. In northwestern Washington, a dairy and poultry producing area, more than 30 percent of the electricity was used outside the homes. In the Eastern Livestock Area of Iowa about 20 percent was used in farming.

These percentage figures standing alone do not tell the whole story. The amount of electricity used in farming is not indicative of labor savings and other advantages realized by its use. For example, lights in the barn may be turned on only an hour or so a day and use little electricity, yet they save time and labor the year around. A milking machine used on 14 cows may use about 1 kilowatt-hour per day. The kilowatt-hour probably would cost less than 3 cents but frequently as much as 2 man-hours of labor may be saved by the use of the machine. Early pig farrowing may be made profitable, and with little fire hazard, by the use of electric brooders. This practice helps equalize the farm labor requirements throughout the year.

Many farmers have adopted these and other such innovations. Although the productivity of labor in chore jobs has not kept pace with that used in field operations, progress is steadily being made. The use of mechanical equipment in and around the service buildings—most of it electrical—is increasing and this trend is expected to continue.

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Outlook Highlights

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about 10 percent lower than a year earlier and probably will continue so at least through the first half of 1953. Some strengthening in corn price is expected, however, later in the marketing season. Lower feed grain prices are the result of such contributing forces as last year's big corn crop, reduced hog production, and the generally lower prices for livestock and livestock products. Prices of feed grains vary by regions. In the Corn Belt feed grains, especially corn, have been selling considerably lower than a year earlier; in the South, where production was relatively short, prices of most feeds have been somewhat higher.

Prospects For Potatoes

With substantially larger late winter and spring supplies of potatoes expected this year than last, prices received by farmers for potatoes in the first half of 1953 probably will average considerably lower than in the first half of 1952. Carry-over stocks in January were considerably larger than a year earlier, despite the very heavy marketings last fall.

The Cotton Situation

Prices to growers for cotton declined sharply after August and in mid-January averaged 23 percent below the average a year earlier. The domestic supply of 17.8 million bales for the present (1952-53) marketing year is

(Continued on page 16)

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

Commodity	Average		Jan. 15, 1952	Dec. 15, 1952	Jan. 15, 1953	Effective parity price Jan. 15, 1953 ²
	Base period price ¹	January 1947- Decem- ber 1949				
Basic commodities:						
Cotton American upland (pound).....cents..	³ 12.4	31.21	38.45	31.71	29.79	34.22
Wheat (bushel).....dollars..	⁴ .884	2.14	2.20	2.12	2.10	2.44
Rice (cwt.).....do.....	1.92	5.38	¹¹ 5.20	6.24	6.43	5.41
Corn (bushel).....do.....	⁴ .642	1.64	1.68	1.50	1.48	1.77
Peanuts (pound).....cents..	⁴ 4.8	10.2	10.3	11.0	10.9	13.2
Designated nonbasic commodities:						
Potatoes (bushel).....dollars..	⁵ .589	1.60	2.07	1.99	2.06	1.66
Butterfat in cream (pound).....cents..	26.7	71.2	79.9	70.1	68.3	75.3
All milk, wholesale (100 lb.) ⁶dollars..	1.68	4.42	¹¹ 5.14	5.11	⁷ 4.89	4.74
Wool (pound).....cents..	(⁸)	46.0	61.3	49.9	51.0	(⁹)
Other nonbasic commodities:						
Barley (bushel).....dollars..	.488	1.37	1.42	1.41	1.37	1.38
Cottonseed (ton).....do.....	25.90	71.60	70.10	68.50	65.30	73.00
Flaxseed (bushel).....do.....	1.62	5.54	4.02	3.75	3.70	4.57
Oats (bushel).....do.....	.317	.852	.938	.842	.821	.894
Rye (bushel).....do.....	.605	1.82	1.71	1.73	1.65	1.71
Sorghum, grain (100 lb.).....do.....	⁴ 1.21	2.53	2.53	2.84	2.74	¹⁰ 2.67
Soybeans (bushel).....do.....	.996	2.84	2.78	2.75	2.69	2.81
Sweetpotatoes (bushel).....do.....	.964	2.36	3.47	3.62	3.86	2.72
Beef cattle (100 lb.).....do.....	7.58	20.20	27.20	19.70	19.70	21.40
All chickens (pound).....cents..	11.0	29.3	27.4	26.4	26.5	31.0
Eggs (dozen).....do.....	⁴ 21.5	46.6	40.5	46.6	45.8	¹⁰ 47.4
Hogs (100 lb.).....dollars..	7.30	21.90	17.40	16.00	17.80	20.60
Lambs (100 lb.).....do.....	8.19	21.90	28.20	19.50	20.30	23.10
Veal calves (100 lb.).....do.....	8.43	22.60	31.50	22.40	23.40	23.80
Oranges, on tree (box).....do.....	⁹ 2.29	1.23	.85	1.24	1.15	¹⁰ 3.28
Apples (bushel).....do.....	.996	2.39	¹¹ 2.32	3.10	3.21	2.81
Hay, baled (ton).....do.....	⁴ 11.87	22.49	25.50	26.40	26.40	¹⁰ 26.20

¹ Adjusted base period prices 1910-14, based on 120-month average January 1942-December 1951 unless otherwise noted.

² Parity prices are computed under the provisions of title III, subtitle A, section 301 (a) of the Agricultural Adjustment Act of 1938 as amended by the Agricultural Acts of 1948 and 1949.

³ 60-month average, August 1909-July 1914 for all cotton.

⁴ 60-month average, August 1909-July 1914.

⁵ Adjust base period price 1910-14 derived from 10-season average prices 1943-52.

⁶ Prices received by farmers are estimates for the month.

⁷ Preliminary.

⁸ Not computed pending year end revision of 1952 mid-month price estimates.

⁹ 10-season average 1919-28.

¹⁰ Transitional parity, 85 percent of parity price computed under formula in use prior to Jan. 1, 1950;

¹¹ Revised.

Economic Trends Affecting Agriculture

Year and month	Industrial production (1935-39=100) ¹	Total personal income payments (1935-39=100) ²	Average earnings of factory workers per worker (1910-14=100)	Wholesale prices of all commodities (1910-14=100) ³	Index numbers of prices paid by farmers (1910-14=100)			Index numbers of prices received by farmers (1910-1=4100)			
					Commodities	Wage rates for hired farm labor ⁴	Commodities, interest, taxes and wage rates	Livestock and products			
								Dairy products	Poultry and eggs	Meat animals	All livestock
1910-14 average.....	58	-----	100	100	100	100	100	100	100	100	100
1925-29 average.....	98	-----	232	143	151	184	161	161	155	145	152
1935-39 average.....	100	100	199	118	124	121	125	119	108	117	115
1947-49 average.....	185	294	462	225	240	433	249	275	224	334	291
1950 average.....	200	330	516	232	246	425	255	247	181	340	278
1951 average.....	220	370	566	258	271	470	281	384	226	411	335
1952 average.....	216	-----	-----	251	273	508	286	302	203	358	307
1952											
January.....	221	384	582	254	275	498	287	316	200	376	320
February.....	222	384	584	253	276	-----	288	317	181	377	317
March.....	221	382	588	252	275	-----	288	305	177	372	310
April.....	216	382	574	251	276	510	289	291	180	372	306
May.....	211	385	581	251	276	-----	289	281	175	394	313
June.....	204	388	585	250	273	-----	286	277	181	380	306
July.....	193	384	573	251	273	506	286	286	208	376	312
August.....	215	393	590	252	274	-----	287	295	225	372	316
September.....	227	399	612	251	271	-----	285	307	227	349	309
October.....	229	402	619	250	269	499	282	316	228	328	301
November.....	233	-----	615	249	268	-----	281	318	238	310	295
December.....	234	-----	-----	246	267	-----	280	309	221	291	280
1953											
January.....	-----	-----	-----	-----	267	514	282	296	218	303	281

Year and month	Index numbers of prices received by farmers (1910-14=100)								Parity ratio ⁶
	Crops								
	Food grains	Feed grains and hay	To-bacco	Cotton	Oil-bearing crops	Fruit	Truck crops	All crops	
1910-14 average.....	100	100	100	100	100	100	-----	100	100
1925-29 average.....	141	118	169	150	135	146	145	143	148
1935-39 average.....	94	95	172	87	113	95	95	99	107
1947-49 average.....	246	223	384	262	319	195	214	246	270
1950 average.....	224	187	402	280	276	200	185	232	256
1951 average.....	243	220	436	335	339	193	239	264	302
1952 average.....	244	227	432	309	296	195	254	267	288
1952									
January.....	251	234	431	325	303	171	337	277	300
February.....	249	230	436	313	296	168	217	259	289
March.....	251	229	435	309	284	176	265	265	288
April.....	250	229	435	313	279	179	308	272	290
May.....	245	227	436	303	280	190	285	270	293
June.....	238	226	437	319	289	220	250	277	292
July.....	230	227	436	311	307	214	287	276	295
August.....	236	233	436	319	310	206	229	272	295
September.....	240	234	428	329	305	200	182	264	288
October.....	240	219	429	311	304	215	189	260	282
November.....	248	213	412	288	300	195	238	257	277
December.....	247	218	428	268	300	206	256	257	269
1953									
January.....	245	214	419	252	291	208	237	251	267

¹ Federal Reserve Board; represents output of mining and manufacturing; monthly data adjusted for seasonal variation.

² Computed from reports of the Department of Commerce; monthly data adjusted for seasonal variation.

³ Bureau of Labor Statistics.

⁴ Farm wage rates simple averages of quarterly data, seasonally adjusted.

⁵ Revised.

⁶ Ratio of index of prices received to index of prices paid, interest, taxes, and wage rates. This parity ratio will not necessarily be identical to a weighted average percent of parity for all farm products, largely because parity prices for some products are on a transitional basis.

Outlook Highlights

(Continued from page 14)

only moderately above a year earlier; exports, however, from August through November were only about half those of the previous year.

Wool

Farmer's prices for wool in mid-January were down nearly a fifth from December 1951 and were less than half the peak price reached in March 1951. The big decline from the spring of 1951 is in part due to the weakening in world demand when world tensions eased and supplies increased.

Rice

Rice prices to growers this year are relatively high, reflecting a very strong demand for United States rice, which results from a shortage of export supplies elsewhere; also the rise in prices in other exporting nations, and the increase in dollars held by some importing countries.

Wheat

Cash wheat prices in mid-January were zero to 8 cents below the effective loan (the announced rate with a deduction for storage), having advanced 3 to 25 cents per bushel since the low level in late June. Large quantities were placed under the support programs before the expiration date on January 31. This would have the effect of strengthening prices in the next few months. With a winter wheat crop indicated in December at only 611 million bushels, an average spring crop would result in total 1953 production of about 925 million bushels. This would likely be below domestic needs and exports and by July 1954 moderately reduce the large July 1953 carry-over, expected to be about 560 million bushels.

Little Change in Land Values

Farm real estate values changed little over the country during the 4 months ending November 1, 1952. The national index remained at 213 (1912-14=100), the same as for July, but 3 percent above a year earlier. This increase was only a fifth as large as during the year ending November 1, 1951.

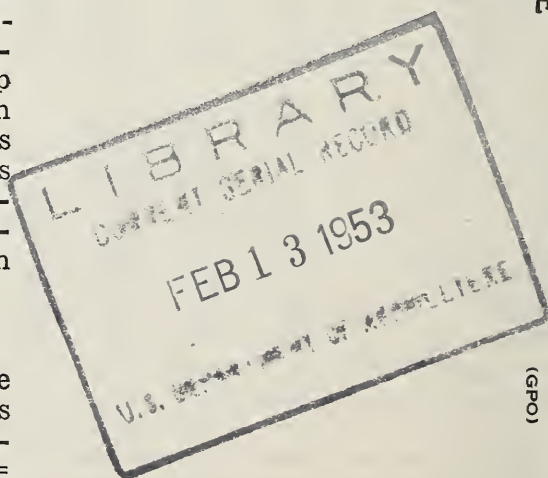
Farm Value of Foods Lower ... Cost At Retail Changes Little

(Continued from page 4)

unimportant in the total meat supply. The average retail price declined about 10 cents a pound from the fourth quarter of 1951 to the fourth quarter of 1952 while the farm value of an equivalent quantity dropped 15 cents. As a result, the margin increased about 5 cents per pound and the farmer's share of retail price dropped from 66 percent to 54 percent. The value of byproducts, principally wool and pelts, has declined about 30 percent in the last year. Therefore, the drop in prices received by farmers for lamb, as measured by gross farm value in the table, was greater than the above comparisons would indicate.

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